



Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 469.04.136 *Repealed June 17, 2000*

CONVERSION DATE: July 1, 1998

REROLLING PAPER ROLLS, CUTTING PAPER TO SPECIFIC LENGTHS, EMBOSSING, FOLDING, AND PACKAGING AS MANUFACTURING

Issued July 17, 1974

Repealed June 17, 2000

Does rerolling paper rolls, cutting paper to specific lengths, embossing, folding, and packaging constitute manufacturing such that the business and occupation tax is applicable to the gross proceeds from interstate sales?

RCW 82.04.120 states:

"To manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials so that as a result thereof a new, different or useful substance or article of tangible personal property is produced for sale or commercial or industrial use, . . .

Taxpayer was engaged in the business of

- (1) producing table paper rolls by rerolling paper onto smaller rolls from larger rolls and then packaging the smaller rolls;
- (2) producing table covers by the same process as in item (1), except the paper is cut into specific lengths, folded, and packaged;
- (3) producing paper sheets and towels by embossing rolls of three-ply paper, cutting the paper into various sizes, and then folding and packaging the resulting product; and
- (4) producing paper gowns by cutting, gluing and processing the paper.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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The Department has held that each of the above activities produces "new, different or useful" products such that each activity is manufacturing.

Cancelled June 17, 2000